

Jeremy Halbreich, STMG  
acting CEO

Phone  
conference

Chapter 11  
(not a liquidation Chapter 7)

Chapter 11  
allows operation as usual

Hope to complete Ch. 11 later in 2009  
will still be paid

will:

- sale of some or all of assets.

Details of Ch. 11 Bankruptcy

- Creditors / Lenders may not take action against company.
- wages

filed motion to continue to pay as usual;  
no interruption in pay or benefits.

(401(k) is in separate, protected accounts)

- may be some day of pay glitch.

Some paychecks already issued but not deposited  
may be rejected. New accounts are being opened.

- Mandatory furlough

- 1 week off in next 2 months.

- Union reps will be asking members also.



union reps. will ask members to

## Restructure Process

focus on customers & biz. plan

Huron Consulting Group - restructure company  
to help guide in bankruptcy process.

Brian Linscott of Huron:

helping co. over last 3 weeks

there is no bank debt or bond issues.

The debt is to the IRS re: Conrad Black  
Huron will be on-site 5 days / wk.

suppliers & vendors

may not be able to pay; but they can <sup>appeal</sup> ~~file~~  
to other entity to get their payment.

- Should be "business as usual"

- keep down rumors

Back to Terence Halbricht<sup>ch</sup> -



## Questions:

① ? IRS obligation - what is it?

(Neil Steinberg S-T)

\$ 600 million obligation to IRS

direct result of Black, etc.

filing allows us to separate assets from liabilities of the company. We will still have to pay the IRS.

Company still up for sale; no one interested until the "legacy burdens" are separated through the Ch. 11.

Investors have already expressed interest. Rothchild company has done w/ United Airlines.

② out-sourcing question. (not sure which dept. circulation? maybe)

Severance & retention bonus is suspended.

according to the law of bankruptcy. Vacation pay is not suspended.

③ Company is "very confident" that company will recover. Otherwise, STMB would've filed for Chapter 7 Liquidation process.

④ 401(k) and pensions will be untouched.

⑤ Furlough question? will be more info about furloughs in coming days.

company will likely be controlled by a new company.



3-31-09

and that money will go to the creditors.  
Rothschild's Financial advisors will  
handle new investors. <sup>(buyers)</sup>

- # (6) Existing union contracts - what happens to them.  
They remain in place. STMS intends to honor  
the contracts. STMS will set up union  
reps. ASAP about furloughs, etc.
- # (7) Any plans regarding layoffs? by Neil  
nothing to share today. But Jeremy can't say  
it won't happen. Likely there will be more  
downsizing; but no announcements today.

# # #

47 min. 49 secs.

4-1-09

Town Hall Meeting @ mville  
Jeremy Holbreich (CEO)  
Rick Surkin  
Greg Powell (A.R.)

Reason for Ch. 11 Filing:  
"Legacy issues" - Conrad Black

"Heavy liabilities" is reason no one was interested  
in buying STMS. Now w/ bankruptcy, they'll be  
interested again as prospective investors.

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